**Unit 1: Introduction to Market Research**

Learning Objectives:

By the end of this unit, you should be able to:

1. Define Marketing Research

2. Define the Marketing Concept

3. Explain the role of research in marketing strategy

4. Identify when Marketing Research is needed.

5. Discribe the characteristics of valuable information

6. Describe the three basic types of Marketing Research

7. Outline and discuss the stages of the research process

8. Identify the ways which marketing research departments are organized.

9. Discuss the ethical implications of Marketing Research

Learning Materials:

• Read: Chapters 1, 2, 3 & 4 - Essentials of Marketing Research, 4th edition William G. Zikmund, Thompson.

**Overview of this Unit**

In this introductory unit, a foundation of marketing research concepts will be laid out for you. Marketing Research allows decision makers to gather and interpret data in such a way as to provide valuable information that will, if used correctly, facilitate better decision making. This unit will provide you an overview of marketing research and explain its relationship with marketing in general. Building on this foundation the unit goes on to discuss various types of marketing research and their place in the overall process of developing sound marketing strategy. As well, this unit will also look at how organizations can best organize themselves to take advantage of marketing research. Finally the unit concludes with a discussion of some of the ethical considerations in conducting marketing research.

MR2300 Marketing Research - PT (CL) - Unit 1. Introduction to Business Research - Marketing Research Defined

**Marketing Research Defined**

“The formulation of the problem is often more essential than its solution”

Albert Einstein

Marketing research is the systematic and objective process of gathering information for aid in marketing decisions. Properly gathered, Marketing Research will be:

• scientific; not intuitive or haphazardly gathered

• objective

• impersonal

Marketing Research can be gathered for one of two basic purposes:

• for no specific reason other than to expand the basic limits of knowledge - Such research is known as basic or pure research.

• for the purpose of decision making about a specific real-life problem - Such pratical application is known as applied research

Both types of research employ the scientific method—the analysis and interpretation of empirical evidence (facts from observation or experimentation) to confirm or disprove prior conceptions.

**The Marketing Concept**

Marketing research is just one aspect of marketing. Recalling the basic communication process, research allows for feedback between the potential consumer and the organization. Marketing Research is one of the prime tools enabling firms to implement the philosophical idea of the marketing concept.

The marketing concept focuses on:

• The consumer. Successful firms ensure that its products and/or services meet or exceed customer’s expectations. This is achieved through developing an in-depth knowledge of consumer needs through research and development.

• Long-run profitability. Without profit a firm will not survive. Profit in the long run is essential to allow the firm to meet customer needs.

• Corporate Integration. The integration and coordination of marketing and other corporate functions is important. Different departments have different goals, and lack of coordination can result in a reduction in effectiveness.

Marketing research facilitates the achievement of the Marketing Concept by:

• Identifying problems and needs of the consumer and help the marketing executives produce the product the consumer wants.

• Ensuring that the marketing program is geared to maximizing profit while satisfying consumer needs.

• Allowing for the gathering and analysis of data and ensure corporate efficiency.

***For Discussion (1 of 3)***

*Look at a few recent issues of The Globe and Mail, MacLean's, Time, Canadian Business, or Business Week. Find an article that you would argue demonstrates a company's quest to implement the philosophical ideas found in the Marketing Concept. Post your argument - along with a reference to the article - in the discussion forum. Be sure to review the discussion forum's of your classmates and see if you agree with their conclusions.*

**The Role of Marketing Research in Marketing Strategy**

As we have already learned, Marketing Research’s key managerial value is that it serves to reduce uncertainty by providing information that will facilitate better decision making to help achieve an organization’s strategic goals.

Before proceeding, it is important that we understand a little bit more about marketing strategy. There are four key stages identified in research towards developing and implementing a marketing strategy:

• The best combination of these marketing mix elements will best satisfy consumer needs

• All four of these elements must be integrated to create the best marketing mix.

**When is Marketing Research Needed?**

Marketing Research is a valuable aid to strategic decision making, however not all marketing decisions lend themselves to marketing research input. Several questions need to be asked before marketing research is employed in the decision making process:

Question 1: Is there enough time to do the research? Decisions that require a quick response do not lend themselves to a drawn out research process.

Question 2: Is there any information available? If there is plenty of information around to support a particular decision path then further research may not be required.

Question 3: Is the decision critical? Consideration must be given to how much impact a decision will have on a particular organization. A decision to buy a relatively small inexpensive item, for example, should not require an extensive research process.

Question 4: Does the potential benefit provided by conducting research outweigh the potential costs of conducting the research. A value assessment must be conducted in order to gauge the need of the marketing research.

If the answer to either of these questions is “no,” then marketing research should not be conducted.

**Marketing Research Trends**

Today’s Marketing Research techniques, like all business activity today, are being strongly influenced by two major trends in business:

Globalization of Business - Marketing research, like all business activity, has increasingly become more global. Marketing Research firms tend to be getting larger and are forming strategic alliances with their counterparts around the world.

The Internet – The Internet allows business and individuals to access information from many sources very quickly and at a very small cost. Web sites, online databases and online surveys can be accessed by millions all over the world.

**Decision Making**

Decision making is the process to resolve a problem or to choose from a series of alternative opportunities. Good decision making requires the decision maker to recognize the nature of the problem or opportunity, determine how much relevant information is available, and then to recognize what information is useful to make the decision.

Not all decision situations are the same. Each individual marketing problem or decision making situation can be classified on a continuum ranging from complete certainty to absolutely uncertain. As problems and opportunities become more uncertain there is an increased need to conduct additional research.

**The Characteristics of Valuable Information**

Not all information is useful to decision makers. In order to measure the value of information to decision makers, marketing information must have four of the following Characteristics:

Relevance: To be relevant the information must meet the needs of the decision maker - it must be helpful in clarifying the questions the the decision maker faces.

Quality: The information must be true. High quality information is accurate, valid and reliable. To ensure quality collect data from recognized sources.

Timeliness: Good information is recent information.

Completeness: Complete information contains the right quantity of information.

**Types of Marketing Research**

Marketing Research can be classified on the basis of purpose. There are three basic types of Marketing Research

• Type 1 - Exploratory research.

Exploratory Research is conducted to classify the nature of problems. It is not intended to provide conclusive evidence from which a particular course of action can be determined. Exploratory research merely crystallizes the problem and identifies information needed—subsequent research is usually required.

• Type 2 - Descriptive research.

Descriptive research is conducted to discover and determine the characteristics of a population. It seeks to determine the answers to the questions “who,” “what,” “when,” “where,” and “how.” It does not tell us “why.” Although it is impossible to completely eliminate error, this type of research should be conducted as accurately as possible because, unlike exploratory research, the evidence it provides will be used to determine a course of action.

• Type 3 - Causal research.

Causal research attempts to identify cause-and-effect relationships between variables. It usually follows exploratory and descriptive research and, therefore, the researchers are quite knowledgeable about the subject. Causal research attempts to establish that when we do one thing (e.g., increase advertising), another will follow (e.g., increased sales).

Before making a conclusion as to the cause, the researcher should:

establish the appropriate causal order or sequence of events.

measure the concomitant variation (the occurrence of the two phenomena or events varying together) between the presumed cause and the presumed effect.

recognize the presence or absence of alternative plausible explanations or causal factors; there may be a “plurality of causes” for the observed effect

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**Collecting Marketing Research**

Some organizations rely on Marketing Research more than others. As organizations become larger and more sophisticated there will be a natural shift away from “gut” intuitive decision making to a more formal decision making structure based guided by evidence. Over time managers gain experience and become increasingly familiar with marketing research and begin to rely on it. They begin to use research more often and begin to recognize occasions when it should be applied.

Firms have two basic choices in collecting research: Develop an internal research capability with the creation of a Marketing Research Department or hire a research consultant when the need arises.

**Marketing Research Department**

In a small firm, Research is often conducted buy one or two individuals whose job it is to scan the environment, collect data and interpret from it preferred courses of action.

In a medium-sized firm, the marketing research may also be performed by the planning department with outside help from a research company. As the marketing department grows, it may specialize by product or department.

Many large organizations specialize by product or service or function. A popular specialization investigates market-driven quality. A manager of customer quality research specializes in conducting surveys to measure customer satisfaction with product or service quality.

The relationship between the marketing research department and the decision makers (users) of marketing research is frequently a rocky one laced with conflict. Some of the reasons for this conflict are listed below:

• research findings may criticize the line executives’ decisions.

• some managers may be more concerned that the researchers conduct a cheap project than a good project.

• the research manager may be presented with an emergency request that has not been planned. If this emergency request is the result of something that has gone wrong, then the research may produce data that presents the decision makers unfavorably. Good research takes time and, if it is not planned, can result in a “quick and dirty” study.

• some managers regard marketing as an art and revel in the chaos associated with intuitive decision making. They may see research as taking the fun out of their jobs.

• Not all research can be done internally. The marketing research manager must also interact with research suppliers, or commercial marketing research services.

To reduce this potential conflict between management and research it is critical to have good channels of communication between the two. Researchers must realize that information is sometimes needed urgently. Their research should be oriented towards decision making and they should strive to seek cost-saving research alternatives.

External Consultants

When the services of an outside research company are hired, the marketing research manager’s job becomes primarily administrative.

Upon receiving a request for research, the research manager must decide whether to “make” or “buy”. There are certain factors and advantages to consider when contemplating using the services of an outside researcher:

• the expertise that an external company has gained through experience

• the urgency of the decision

• the lack of availability of the internal researchers

• economic factors

• the need for objectivity, especially when two internal interest groups are involved

• confidentiality, which may be a prime consideration, especially if a dramatic, innovative change in an organization’s marketing plan is involved.

MR2300 Marketing Research - PT (CL) - Unit 1. Introduction to Business Research - Ethics in Marketing Research

**Ethics in Marketing Research**

The rights and obligations of individuals are generally dictated by the norms of society. Societal norms are codes of behavior adopted by a group; they suggest what a member of a group ought to do under given cicumstances. This chapter reflects the author’s perceptions of the norms of our society.

**General Rights and Obligations of Concerned Parties**

In most research situations, three parties are involved: the researcher, the sponsoring client (user), and the respondent (subject).

General business ethics should be a standard for marketing research firms and marketing research departments.

**Rights and Obligations of the Researcher**

• the purpose of research is research: Researchers are expected to not misrepresent a sales tactic as marketing research.

• objectivity: Researchers should maintain high standards to ensure that the data are accurate.

• misrepresenting research: The researcher has an obligation to both the client and the subjects to honestly analyze the data and to correctly report the actual data.

• protect the right to confidentiality of both subjects and client: It is the researcher’s responsibility to ensure that the privacy and anonymity of the respondents are preserved.

**Rights and Obligations of the User of the Information**

• ethics between buyer and seller: The general business ethics expected between a purchasing agent and a sales representative should hold in the marketing research situation.

• an open relationship with research suppliers The client sponsor has the obligation to encourage the research supplier to objectively seek out the truth.

• an open relationship with interested parties: Conclusions should be based on the data.

• privacy: If respondents have been deceived about the purpose of the study and then their names are sold as part of a user mailing list, this practice is certainly unethical. The client as well as the research supplier has the obligation to maintain the respondent’s privacy.

• commitment to research: The client has the obligation to be serious about considering a project before soliciting proposals.

• pseudo-pilot studies: Clients should be open about the marketing problem to be investigated.

**Rights and Obligations of the Respondent**

• the obligation to be truthful: This issue involves the subject’s freedom to choose whether or not to comply with the investigation request.

• privacy: Standards of common courtesy have been set by interviewing firms.

• deception: Researchers should not create a false impression by disguising the purpose of the research.

• the right to be informed: Subjects have a right to be informed of all aspects of the research. This includes information about its purpose and sponsorship.

**Applying the Concepts - Internet Links for Further Reading**

***Marketing Research defined:***

* Wikipedia:  [**Market research** - Wikipedia, the free encyclopedia](http://en.wikipedia.org/wiki/Market_research)
* American Marketing Association **-** [**Marketing Research** - American **Marketing** Association](http://www.marketingpower.com/content1051.php)
* QuickMBA: [**Marketing Research**](http://www.quickmba.com/marketing/research/)

***The Marketing Concept defined:***

* The Net MBA: [**Marketing Concept**](http://www.netmba.com/marketing/concept/)

***Exploratory Research defined:***

* [Models in the **Research** Process](http://www2.uiah.fi/projects/metodi/177.htm)

***Descriptive & Causal Research defined:***

* [Descriptive research](http://en.wikipedia.org/wiki/Descriptive_research)
* [Descriptive vs. **Causal** Questions](http://spsp.clarion.edu/mm/RDE3/C6/CausalvsDescriptiveAct.html)

***Stages of the Marketing Research Process:***

* [Polaris **Marketing Research** - 6 Steps To **Marketing Research**](http://www.polarismr.com/education/steps_index.html)

***Ethics in Marketing Research***

* Marketingprofs.com:  [The **Ethics** of **Marketing Research**](http://www.marketingprofs.com/5/fodness1.asp)